



STATE REPRESENTATIVE  
**FREDERICK P. KESSLER**

WISCONSIN STATE ASSEMBLY

12TH DISTRICT

**Statement of State Representative Frederick P. Kessler  
Assembly Committee on Energy and Utilities  
Wisconsin Capitol—Room 225 Northwest  
Wednesday, March 3, 2010  
Assembly Bill 475**

Milwaukee Water Works was created over one hundred years ago to provide a lasting and reliable source of clean and pure water for the people of Milwaukee. Because of improvements made throughout the decades, the water provided to its consumers is among the highest quality in the nation. It is also among the lowest in cost.

AB 475 seeks to prohibit the water works from sale or lease to a private party. Past leaders in Milwaukee have seen the importance of keeping the water works public. Leaders such as Mayors Frank Zeidler and Dan Hoan have seen that the city's quality of life and economic growth are closely related to the water supply. This bill will follow that spirit and protect the water works as a resource of the people.

Every day, Milwaukee's citizens and industry reap the benefits of the foresight of these past leaders, and the hard work of the Water Works' public employees. It would be a great mistake not to pass this legacy on to future generations of Milwaukeeans. To see proof of this, you need only look at what has happened to other cities that have sold off the right to control their own water supplies: contamination, drastic rate increases, and infrastructure decay. Milwaukee was the "beer" city for decades. We still have a major brewery in the Menomonee Valley. We cannot afford to jeopardize Miller or Sprecher or the other brewers. We should not head down the path of privatization which is why today, I am urging my colleagues to pass a bill to forbid the sale or lease of Milwaukee Water Works to any private entity. There are many individuals here that recognize the value of Milwaukee's pure, safe water, and we will fight in the coming weeks to make sure that the Legislature acts to protect it.



WILLIE L. HINES, JR.  
15th District Alderman  
Common Council President

**Assembly Committee on Energy and Utilities**  
**March 3, 2010**

ASHANTI HAMILTON  
1st District Alderman

**City of Milwaukee testimony on Assembly Bill 475:**

JOE DAVIS, SR.  
2nd District Alderman

Thank you to the Chair and to the committee for allowing me to testify on AB 475. In October of 2009, the City of Milwaukee through a resolution passed by the Common Council, and signed by the Mayor, went on record in opposition to AB 475.

NIK KOVAC  
3rd District Alderman

The reason for our opposition is very simple. This is clearly a matter of local control. I am not here to argue for or against the privatization of a municipal water utility. Instead, I am here to argue against taking away a local government's authority to govern its operations.

ROBERT J. BAUMAN  
4th District Alderman

As a means of background, the City Comptroller, who is a separately elected official, proposed the idea of studying privatization of the Milwaukee Water Works to create an ongoing annual revenue source to deal with a growing structural deficit largely attributable to frozen state shared revenue payments over the last decade. Given the fiscal realities facing the City of Milwaukee, the Common Council decided it would be responsible to explore and study the potential of this option. In the end, the Common Council has decided to place the privatization matter on hold and not pursue it.

JAMES A. BOHL, JR.  
5th District Alderman

MARLEA A. COGGES  
6th District Alderwoman

WILLIE C. WADE  
7th District Alderman

As you can see from this example, the city has exercised prudent and thoughtful judgment in handling its financial decisions. The Council made this decision on its own and should be allowed, as locally elected officials, to continue to make these types of governance decisions in the future.

ROBERT G. DONOVAN  
8th District Alderman

ROBERT W. PUENTE  
9th District Alderman

I might add that current law already gives the Public Service Commission authority to approve or not any privatization of a municipal water utility. An outright prohibition aimed only at Milwaukee is unnecessary.

MICHAEL J. MURPHY  
10th District Alderman

JOSEPH A. DUDZIAK  
11th District Alderman

The City of Milwaukee respectfully requests that you don't place any additional restrictions on local government. Given the state's financial situation, we understand more shared revenue is unlikely, so instead, we are asking the State to partner with us and give us tools that allow us to study and explore potential revenue options without tying our hands. Again, this is and should continue to be a matter for local control.

JAMES N. WITKOWIAK  
12th District Alderman

TERRY L. WITKOWSKI  
13th District Alderman

Thank you for your consideration of our position on AB 475. We urge your opposition to this bill.

TONY ZIELINSKI  
14th District Alderman

For more information, please contact:

Brenda Wood, Senior Legislative Coordinator  
(414) 286-2371 or [bwood@milwaukee.gov](mailto:bwood@milwaukee.gov)



Testimony of AFSCME District Council 48  
Executive Director Richard Abelson

Assembly Energy and Utilities Committee  
Wednesday, March 3, 2010

Good afternoon. My name is Rich Abelson, and I serve as Executive Director of District Council 48 of the American Federation of State, Council and Municipal Employees – AFSCME. District Council 48 represents 10,000 dedicated individuals who live, work and pay taxes in Milwaukee County.

I want to thank you, Chairman Soletski, and committee members, for giving us the opportunity to testify on Assembly Bill 475, which would ban the sale or lease of the Milwaukee Water Works.

I also want to thank Rep. Fred Kessler for introducing the bill and giving us a forum in which to express our reasons for supporting the bill.

AFSCME District Council 48 represents two separate water department locals – Local 550, which represents the City Water Department Distribution Employees and includes the meter readers, repairmen, laborers and outside crews, and Local 952, which represents the pumping and filtration plant employees. With me today are representatives of the two locals, Brian Stafford, President of Local 550 and also President of District Council 48, and Jason Otto, Secretary, Local 952.

District Council 48's interest in this issue is based on our belief that vital services and infrastructure serve the interests of the taxpaying public best when not fettered by private interests whose main motive is profit. Vital services such as water should not be sold off to the highest bidder.

Let me speak briefly on the background of AB 475 and why it is before the committee today. In October of 2008, the Milwaukee Journal Sentinel published a story headlined "Comptroller floats idea of privatizing Milwaukee water utility", in which Milwaukee City Comptroller Wally Morics called for the city to consider privatizing the water utility.

The city was eyeing approximately \$500 million in revenues in the form of a one-time payment from a private company in exchange for a 75- to 95-year lease.

The plan, according to Mr. Morics, was the city's "best hope to avoid a future of painful annual debate" over whether to raise taxes or cut services.

We in AFSCME are keenly aware of the City's fiscal situation. We are a part of the Milwaukee

community and we have a huge stake in our city and our county, and we care deeply on how they are managed. However, we completely disagree with selling off one of the city's vital assets to dig us out of the fiscal challenges we are facing.

All too often, some politicians flirt with the idea of selling off an asset or privatizing a service as a way to save money. Privatizing the water works is a fundamentally bad idea. Privatization is rarely the answer to solve the economic woes of a community. This is especially true for the care and management of precious water resources. Let me give you an example. Some years ago, the City of Indianapolis sold its water services to the Veolia Corporation. It involved a 20 year, \$1.1 billion contract to provide water to 1 million people.

In 2008, citizens in Indianapolis sued Veolia, accusing the company of failing to read meters on schedule, overestimating water usage, and overcharging 250,000 customers. Meanwhile, water quality suffered, and one magazine noted that Indianapolis had the 99<sup>th</sup> worst water out of 100 water systems tested.

Citizens in Atlanta experienced similar problems with the private contractor that took over that city's water works. The utility has now been re-municipalized.

Privatizing a community's water works is risky business. A 75 – 95 year lease means that we are talking generations before this serious mistake can be corrected and the City could regain control of this critical asset. In the meantime water quality would be at risk, management of the water works would be jeopardized, and citizens would likely pay more for poorer service.

AFSCME is part of a larger effort involved in opposing the sale or lease of the Milwaukee Water Works. The local group known as KPOW – Keep Public Our Water – is a diverse group that formed to advocate against the sale or lease of our water utility. KPOW and a nonprofit organization known as Food and Water Watch have done some research on how to protect a community's water assets. The group issued a report, *Mortgaging Milwaukee's Future: Why Leasing the Water System is a Bad Deal for Consumers*, which is a worthy read on this topic.

We in AFSCME consider ourselves partners in government and have worked with city leaders to solve our community's fiscal woes. We can't afford to have a short-sighted approach lead down the path of allowing leaders to fall prey to the siren song of privatizing a vital service like the water works. That's why we support this legislation.

We are aware that you have many issues on your plate today, and at this time of the legislative session. We encourage you to look favorably upon AB 475, and we thank you for considering our views. I would be happy to try to answer any questions committee members might have.



122 State Street, Suite 200, Madison, Wisconsin 53703-2500

Telephone: 608.251.7020 Fax: 608.251.1655

Website: [www.cleanwisconsin.org](http://www.cleanwisconsin.org)

*(Formerly Wisconsin's Environmental Decade)*

**Assembly Bill 475 Testimony  
Amber Meyer Smith, Program Director  
Clean Wisconsin**

Assembly Committee on Energy and Utilities  
March 3, 2010

Clean Wisconsin is the largest statewide environmental organization, and was founded as Wisconsin's Environmental Decade with thousands of members across the state. We focus on clean air, clean energy and clean water issues, and will celebrate our 40<sup>th</sup> anniversary next month.

Clean Wisconsin is very supportive of AB 475, which would essentially prevent Milwaukee from privatizing its water utility. We were very concerned when we first heard this idea floated last spring, because of the implications for costs, water quality, economic development and accountability.

Privatization of water around the world has been largely a disaster for local communities. Currently, Milwaukee has some of the highest quality water in the United States, so there is much at risk. In the U.S., Atlanta, signed a deal for water privatization, and rescinded the 20-year contract after four years of customers having to endure boil orders, brown tap water and fire hydrants in disrepair.

In Chattahoochee Valley, Ala. in 2007 alone, the privately-owned Water Supply District had 21 violations of the Safe Drinking Water Act – for failure to monitor 21 different contaminants throughout the year. The examples of this in the U.S. go on and on...

In addition to the examples of water privatization resulting in widespread failure, Milwaukee's potential contractors don't have good records. There are three major companies in the world with the capacity to bid for the Milwaukee contract: Suez Environment, Veolia Environnement and RWE. Veolia has managed water systems in New Orleans and Indianapolis as well as smaller communities in Massachusetts and Texas. The drinking water in Indianapolis is rated second worst in the nation and received a failing grade from *Men's Health* magazine. Residents took Veolia to court claiming the company overcharged 250,000 customers. RWE is no better; in Felton, CA, residents had to sue to regain control of their water utility after RWE's subsidiary sought to raise rates 76%.

Milwaukee's water is important to protect not only for residents, but for our statewide economy. Water technology is believed to be one of the growth industries for Wisconsin. The Milwaukee 7 Water Council is leading the effort to make Milwaukee the "Silicon Valley of water in the 21<sup>st</sup> century." The Water Council reports that there are already more than 120 firms in southeastern Wisconsin engaged in water technology. The University of Wisconsin-Milwaukee is poised to launch a new School of Freshwater Sciences, the first such institution in the Western Hemisphere. In April 2009, Milwaukee was named a Global Compact City by the United Nations, only the 13<sup>th</sup> such designation worldwide and 2<sup>nd</sup> in the U.S. Milwaukee's application focused exclusively on water quality and water-engineering industries. Handing this water system over to a private multinational

with stockholder profits is a major concern that would threaten clean drinking water and this region's economic development potential.

Water is a basic human need and fundamental right around the world. Accountability and transparency with our water systems are important priorities for governmental operations. Decisions about the operations and management of this basic resource should be made deliberately and with public oversight, not by a private company. For I urge you to support AB 475.



**Testimony of Teresa Kinis**  
**Coordinating Committee Member, Keep Public Our Water**

**In Support of Public Ownership and Operation of  
Wisconsin's Water Utilities**

AFSCME Council 48

AFSCME Local 550

AFSCME Local 952

Campaign Against  
Violence

Food and Water Watch

Institute for Wisconsin's  
Future

Great Waters Group  
Sierra Club

Making Milwaukee Green  
Coalition

Midwest Environmental  
Advocates

Milwaukee Inner City  
Communities Allied for  
Hope

Milwaukee Riverkeeper

Riverside Park  
Neighborhood Assoc.

Senior Water Advocates  
Network

Good morning. On behalf of KPOW, the Keep Public Our Water Coalition, I would like to thank you Chairman Soletski and members of the Committee on Energy and Utilities for this opportunity to offer testimony on the importance of protecting the public ownership and operation of Wisconsin's water utilities.

We applaud Representative Kessler for introducing AB 475.

Keep Public Our Water is a coalition of neighbor, faith, labor, and environmental groups assembled to ensure public ownership and operation of Milwaukee's water system. Our research and experience has demonstrated that Wisconsin currently faces the risk that its largest public water systems may be sold or leased to the highest bidder at great cost to the people of Wisconsin.

Privatizing Wisconsin's largest water utilities would likely mean higher water bills for Wisconsin residents and businesses. In Wisconsin, the typical household pays \$150 a year more for water from a private utility than for service from their local government. This is because the lease or sale payment that the city receives effectively is an expensive loan that residents and businesses must pay back through future water bills.

Privatizing Wisconsin's water utilities may also result in poorer water service. Unlike publicly owned and operated utilities, water companies are first and foremost accountable to their stockholders. Privatized water utilities offer less public accountability and more opportunity to cut corners on service.

Finally, privatizing a city's most essential and valuable public assets is not a solution to the serious economic problems facing Wisconsin communities today. As with the proposal discussed in Milwaukee in 2009, leases of large municipal assets are often structured to last 75 to 99 years. Handing over a city's essential services for such a period in return for a one-time payment is hardly a sound fiscal decision.

AB 475 is an important piece of legislation that will help ensure safe and affordable drinking water for the people of Wisconsin. Today Wisconsin's water utilities are under threat of being sold or leased. However, by safeguarding public ownership and operation of these assets, Wisconsin takes an important step toward safeguarding the health and economic future of the residents of this state. We ask you to support this important bill.

Thank you for this opportunity to address you today.